

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 FRB-03

OMB-01 ITC-01 L-03 /057 W

-----078427 180901Z /15

R 180636Z AUG 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 6318

INFO USMISSION GENEVA

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STATE FOR EB/FTD

STATE PASS STR

GENEVA FOR PHELAN

FROM ARTHUR GAREL

E.O. 11652: N/A

TAGS: ETRD, HK, US

SUBJECT: TEXTILES: US-HK AGREEMENT

1. IN MEETING 17 AUGUST, HK DEPARTMENT OF COMMERCE AND INDUSTRY (JUSTIN YUE) PRESENTED GAREL WITH PAPER ON WOOL AND FINE ANIMAL HAIR OBVIOUSLY AIMED AT SETTING STAGE FOR OBTAINING HIGHER NUMBERS FOR GROWING TRADE IN PRODUCTS OF CASHMERE, MOHAIR AND OTHER WOOL TYPE FIBERS. TEXT GIVEN BELOW AS PARA 3.

2. EMPHASIZING THAT HIS REMARKS WERE NOT A RESPONSE AND NOT OFFICIAL AND THAT ANY RESPONSE WOULD HAVE TO COME FROM WASHINGTON, GAREL MADE FOLLOWING FACTUAL OBSERVATIONS:

A.) PRODUCTS OF SPECIALTY HAIR WERE IN THE WOOL PRODUCT BASE WHEN THE FIRST US-HK AGREEMENT WAS NEGOTIATED IN 1971. B) THE PRODUCTS HAVE BEEN COUNTED IN THE IMPORTS SINCE THEN. (C) EXCEPT IN RARE CASES U.S.

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HAS NO DISTINCTION IN IMPORT STATISTICS FOR THESE PRODUCTS BECAUSE IT HAS NO BREAKOUTS IN THE STATISTICS.

D) HONG KONG APPEARS TO HAVE RECOGNIZED THAT THESE ARE "WOOL PRODUCTS" BECAUSE BOTH SIDES HAVE INCLUDED CASHMERE SWEATERS, ONE OF FEW PRODUCTS WITH A BREAKOUT.

3. BEGIN TEXT:

WOOL/FINE ANIMAL HAIR

IN THE CURRENT AS WELL AS IN THE NEW BILATERAL AGREEMENT BETWEEN HONG KONG AND THE USA, TEXTILES AND GARMENTS WHICH CONTAIN 17 PERCENT OR MORE BY WEIGHT OF WOOL ARE SUBJECT TO RESTRAINT. HOWEVER THE TERM "WOOL" HAS NEVER BEEN DEFINED, AND THERE IS NO AGREED UNDERSTANDING WHETHER SPECIALITY FIBRES SUCH AS MOHAIR (ANGORA GOAT), CAMEL, CASHMERE, ALPACA, LLAMA, AND VICUNA ARE EXCLUDED. SUCH A DISTINCTION WAS POSSIBLY NOT IMPORTANT BECAUSE AT THE TIME WHEN HONG KONG FIRST AGREED TO RESTRAIN WOOL EXPORTS, TRADE IN THESE SPECIALITY FIBRES WAS PROBABLY NON-EXISTENT (IN ANY CASE ANY INSIGNIFICANT TRADE THAT MIGHT HAVE EXISTED AT THE TIME IN THESE SPECIALITY FIBRES WOULD HAVE BEEN IN MIXTURES, BLENDED WITH WOOL, IN WHICH WOOL EXCEEDED 17 PERCENT). IN RECENT MONTH A SMALL TRADE HAS DEVELOPED, NOTABLY IN MOHAIR AND CASHMERE, AND THE QUESTION OF WHETHER SUCH TRADE IS SUBJECT TO RESTRAINT HAS BEEN RAISED. ACCORDING TO THE INTERNATIONAL WOOL SECRETARIAT, THE TERM "WOOL" IS USED TO DESCRIBE THE FLEECE OR COAT OF THE SHEEP AND/OR LAMB. IN CONTRAST, THE TERM "SPECIALITY FIBRES" IS USED TO DESCRIBE MAINLY PRODUCTS OF HAIR, I.E. MOHAIR, CASHMERE, CAMEL, ALPACA, LLAMA, AND VICUNA.

ACCORDING THE THE "TEXTILE TERMS AND DEFINIATIONS"
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ISSUED BY THE TEXTILE INSITUTE IN MANCHESTER, THE TERM "WOOL" IS USED TO DESCRIBE "THE FIBROUS COVERING OF THE SHEEP". THE TERM "HAIR", AGAIN IN CONTRAST, IS USED TO DESCRIBE "ANIMAL FIBRE OTHER THAN SHEEP'S WOOL OR SILK"

THE TERM "WOOL" MAY BE USED IN A SLIGHTLY DIFFERENT SENSE. WHEN IT IS NECESSARY TO DISTINGUISH BETWEEN THE FIBRES OF TE UNDERCOAT OF THE ANIMAL AND THE REMAINDER OF THE FLEECE, THE TERM "WOOL" IS SOMETIMES USED TO REFER TO THE FIBRES OF THE UNDERCOAT AND THE TERM "HAIR" FOR THE REMAINDER. HOWEVER IT IS GENERALLY RECOGNIZED THAT TO AVOID AMBIGUITY, THE TERM "WOOL" SHOULD BE CONFIRMED TO THE COVERING OF SHEEP AND "FINE ANIMAL HAIR" AS A GENERAL TERM FOR OTHER FIBRES OF ANIMAL ORIGIN. IN ANY CASE, WHEN THE TERM "WOOL" IS USED TO REFER TO THE FIBRE OF THE UNDERCOAT IT IS ALWAYS QUALIFIED BY THE NAME OF THE ANIMAL, E.G. CASHMERE WOOL. IN OTHER WORDS, WHEN THE TERM "WOOL" IS USED IN ISOLATION, IT SHOULD MEAN THE MORE GENERALLY ACCEPTED SENSE OF THE WORD OF REFERRING TO THE COVERING OF SHEEP.

IN THE BRUSSELS TARIFF NOMENCLATURE, WHICH THE US AUTHORITIES HAVE ANNOUNCED AN INTENTION OF SWITCHING

TO, IT IS STATED CLEARLY THAT THE EXPRESSION "FINE ANIMAL
HAIR" MEANS HAIR OF ALPACA, LLAMA VICUNA, YAK, CAMEL,
ANGORA, CASHMERE AND SIMILAR GOAT (NOT COMMON GOAT), RABBIT
(INCLUDING ANGORA), HARE, BEAVER, NUTRIA, AND MUSK RAT.
THIS SEEMS TO CONFIRM HONG KONG'S UNDERSTANDING OF THE USAGE
OF THE WORD.

THEREFORE IN NORMAL INDUSTRY USAGE AS WELL AS CUSTOMS
PRACTICES OF SOME MAJOR MARKETS THE TERM "WOOL" IS USED IN
A SENSE WHICH EXCLUDES MOHAIR, CASHMERE AND ALIKE. GIVEN
THAT THIS IS THE ACCEPTED USAGE, THE COMMERCE AND INDUSTRY
DEPARTMENT OF HONG KONG CONSIDERS THAT PRODUCTS OF THE
SPECIALITY FIBRES DESCRIBED ABOVE SHOULD BE EXCLUDED FROM
THE RESTRAINT ARRANGEMENTS EXCEPT WHERE THEIR COTTON, MMF, OR
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WOOL COMPONENTS RENDER THE PRODUCTS CLASSIFIABLE AS COTTON, MMF
OR WOOL, AS THE CASE MAY BE, BY THE DEFINITION IN THE AGREEMENT.
END TEXT.
CROSS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK09915
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770297-1176
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770850/aaaabprk.tel
Line Count: 140
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bba41759-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1568149
Secure: OPEN
Status: NATIVE
Subject: TEXTILES: US-HK AGREEMENT
TAGS: ETRD, HK, US, (GAREL)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bba41759-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009